

106TH CONGRESS  
1ST SESSION

# S. 349

To allow depository institutions to offer negotiable order of withdrawal accounts to all businesses, to repeal the prohibition on the payment of interest on demand deposits, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

FEBRUARY 3, 1999

Mr. HAGEL (for himself and Mr. REED) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

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## A BILL

To allow depository institutions to offer negotiable order of withdrawal accounts to all businesses, to repeal the prohibition on the payment of interest on demand deposits, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Small Business Bank-  
5 ing Act of 1999”.

1 **SEC. 2. AMENDMENTS RELATING TO SAVINGS AND DEMAND**  
 2 **DEPOSIT ACCOUNTS AT DEPOSITORY INSTI-**  
 3 **TUTIONS.**

4 (a) NOW ACCOUNTS AUTHORIZED FOR ALL BUSI-  
 5 NESSES.—Section 2 of Public Law 93–100 (12 U.S.C.  
 6 1832) is amended to read as follows:

7 **“SEC. 2. WITHDRAWALS BY NEGOTIABLE OR TRANSFER-**  
 8 **ABLE INSTRUMENTS FOR TRANSFERS TO**  
 9 **THIRD PARTIES.**

10 “Notwithstanding any other provision of law, any de-  
 11 pository institution (as defined in section 3 of the Federal  
 12 Deposit Insurance Act) may permit the owner of any de-  
 13 posit or account at that institution on which interest or  
 14 dividends are paid to make withdrawals from such deposit  
 15 or account by negotiable or transferable instruments for  
 16 the purpose of making payments to third parties.”.

17 (b) REPEAL OF PROHIBITIONS ON PAYMENT OF IN-  
 18 TEREST ON DEMAND DEPOSITS.—

19 (1) FEDERAL RESERVE ACT.—Section 19(i) of  
 20 the Federal Reserve Act (12 U.S.C. 371a) is amend-  
 21 ed to read as follows:

22 “(i) [Reserved].”.

23 (2) HOME OWNERS’ LOAN ACT.—Section  
 24 5(b)(1)(B) of the Home Owners’ Loan Act (12  
 25 U.S.C. 1464(b)(1)(B)) is amended—

1 (A) in the first sentence, by striking “sav-  
 2 ings association may not—” and all that follows  
 3 through “(ii) permit any” and inserting “sav-  
 4 ings association may not permit any”;

5 (B) by inserting “(i)” after “(B)”; and

6 (C) by striking “All savings” and inserting  
 7 the following:

8 “(ii) All savings”.

9 (3) FEDERAL DEPOSIT INSURANCE ACT.—Sec-  
 10 tion 18(g) of the Federal Deposit Insurance Act (12  
 11 U.S.C. 1828(g)) is amended to read as follows:  
 12 “(g) [Reserved].”.

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